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Chapter 3 Questions

1. I believe it is good to base a mission statement on the type of product the firm is producing. I believe this because when a customer is looking to get a product, it should say straight out what the company is producing and how confident the firm sounds in their product.
2. A company’s financial strength would have a bearing on the kinds of product it produces. Not having strong financial will limit the company’s ability to provide customers with the best product to sell. Yes it will have an impact on the three other Ps. All the four Ps bounce off each other in a way that if one is affected the others will have the same affect. For example, McDonalds, if they did not have good financial strength to produce the cheeseburger, it would lack quality in the product of it. Along with the business for the firm will slowly start to drop because of lack of customer satisfaction, causing the money to take a decrease.
3. The U.S. is starting to move toward the unification of Europe and free trade among the nations of North American which is sort of regional grouping. They are also encouraging competition among many small firms, to help the economy. The U.S. passed several laws to stay on focus with firms alike.
4. The total profit approach, management forecasts potential sales and costs during the life of the plan to estimate likely profitability. Managers will evaluate the prospects for each plan over a five year planning period, which they use monthly and/or annual sales and cost estimates. Return-on-investment is useful because equally profitable plans may require vastly different resources and offer different rates of return on investment.